

Service Date: March 24, 1988

DEPARTMENT OF PUBLIC SERVICE REGULATION  
BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MONTANA

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IN THE MATTER Of The Application )	
Of THE MONTANA POWER COMPANY's )	UTILITY DIVISION
Unreflected Gas Cost Account Bal- )	DOCKET NO. 87.10.58
ance as of August 31, 1987, Its )	INTERIM ORDER NO. 5301a
Gas Tracking Proposal for the )	
Period September 1, 1987 to Au- )	
gust 31, 1988, and IMR Differ- )	
ential Recovery. First Supplement )	
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FINDINGS OF FACT

1. On October 19, 1987, the Montana Power Company (MPC) filed its annual gas tracking application, which was denominated Docket No. 87.10.58. On November 4, 1987, the filing was modified to reflect a lower rate base for the severance tax amortization adjustment. The filing sought approval of deferred gas costs as well as a gas cost for purposes of computing the base cost of gas for the ensuing period. In addition to the annual tracker, MPC filed testimony and exhibits in Docket No. 87.10.57. It sought to recover balances which accrued because of the difference between sales made at the Interruptible Market Retention (IMR) rate and interruptible

industrial gas rate. Last year's application (Docket NO. 86.12.68) included the difference as part of the tracker filing.

2. On March 7, 1988 MPC filed its first supplement to the application. Its purpose was to reflect lower gas costs resulting from renegotiations of several Montana purchase gas contracts. The decrease totaled \$4,053,489 or 4.01% for firm customers, 4.02% for interruptible industrial customers and 4.67% for utility customers. Negotiations resulted in lower prices and lower purchase volumes, the effect of which on overall gas costs per unit was \$.156 (\$1.415 to \$1.259). Changes were effective January 1, 1988.

3. Although unexpected, MPC's supplemental filing is not unwelcome. Its nature comports with the intent of the tracker tariffs. The Commission is aware of MPC's reluctance to divulge contents of ongoing negotiations, but would expect that earlier notification could have been given in this instance. This consideration should weigh more heavily on MPC in the future.

4. Other aspects of the filing coincide with the original application and, as such, are approved consistent with Interim Order No. 5301. In like fashion, the new lower gas cost appears reasonable for interim purposes, and is approved.

#### CONCLUSIONS OF LAW

1. Montana Power Company is a corporation providing gas services within the State of Montana, and, as such, is a "public utility" within the meaning of Section 69-3-101, MCA.

2. The Commission properly exercises jurisdiction over Montana Power Company's natural gas utility operations under Title 69, Chapter 3, MCA.

3. The Commission may approve increases or decreases in rates on an interim basis, pending a hearing on the merits (69-3-304).

ORDER

1. The Commission orders MPC to file rate schedules reflective of the Findings of Fact. Their effective date is to be for services on and after March 23, 1988.

2. A notice of opportunity for public hearing will be issued in the future to allow parties the option of pursuing items of interest to them.

3. Any refunds shall include interest calculated at MPC's return on equity.

DONE AND DATED at Helena, Montana this 23rd day of March, 1988.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

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CLYDE JARVIS, Chairman

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HOWARD L. ELLIS, Commissioner

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TOM MONAHAN, Commissioner

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DANNY OBERG, Commissioner

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JOHN B. DRISCOLL, Commissioner

ATTEST:

Ann Purcell  
Commission Secretary

(SEAL)

NOTE: Any interested party may request that the Commission reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.